

2012-414C 244229
2001-256C 244230

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. _____

Application of)	
)	
Zayo Group, LLC)	
and)	APPLICATION FOR APPROVAL OF
USCarrier Telecom, LLC)	CERTAIN <i>PRO FORMA</i> INTRA-COMPANY
)	TRANSACTIONS
for Approval of Certain <i>Pro Forma</i> Intra-)	
Company Transactions)	

Zayo Group, LLC ("Zayo") and USCarrier Telecom, LLC ("USCarrier") (together, the "Applicants") (Zayo, USCarrier and Zayo's other subsidiaries collectively, the "Company"), by their undersigned counsel, hereby request Commission approval, to the extent necessary, and pursuant to S.C. Code §§ 58-9-300 and 58-9-310, of the roll-up of USCarrier into Zayo (and the "discontinuance of service" by USCarrier and the eventual cancellation of USCarrier's certificate) through a series of *pro forma* mergers, with Zayo as the surviving entity (the "*Pro Forma* Transaction"). The *Pro Forma* Transaction is part of a series of intra-company transactions undertaken to simplify the corporate structure of Zayo. The Applicants plan to complete the *Pro Forma* Transaction by June 1, 2013, and request expedited approval. Further, in the event that the Commission is unable to approve this Application prior to the completion of the *Pro Forma* Transaction, Applicants request that the Commission grant the approval on a *nunc pro tunc* basis such that the approval is effective upon the completion of the *Pro Forma* Transaction.

In support, the Applicants provide the following information:

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MAY 22 2013

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I. DESCRIPTION OF THE APPLICANTS

Zayo is a Delaware limited liability company with principal offices at 400 Centennial Parkway, Suite 200, Louisville, Colorado 80027. USCarrier is a Georgia limited liability company and wholly owned indirect subsidiary of Zayo. Zayo is a wholly-owned direct subsidiary of Zayo Group Holdings, Inc. (“Holdings”), a Delaware corporation, which in turn is a wholly owned direct subsidiary of Communications Infrastructure Investments, LLC (“CII”), a Delaware limited liability company. CII has no majority owner.

The Company is a provider of bandwidth infrastructure and network neutral colocation and interconnection services over regional and metropolitan fiber networks. These services enable customers to manage, operate, and scale their telecommunications and data networks. Such customers consist primarily of wireless service providers, national and regional telecommunications carriers and other communications service providers, media and content companies, schools, hospitals, governments, banks and other bandwidth-intensive enterprises.

In South Carolina, Zayo is authorized to provide resold and facilities-based intrastate interexchange services (including exchange access) and local exchange services pursuant to Order No. 2013-111 issued in Docket No. 2012-414-C. USCarrier is authorized to provide interexchange service pursuant to Order No. 2001-1053 issued in Docket No. 2001-256-C. Zayo and USCarrier are also authorized by the FCC to provide domestic and/or international telecommunications services. Additional information concerning Zayo’s legal, technical, managerial and financial qualifications has been submitted to the Commission with various prior filings with respect to Zayo’s certification and various transactions and is therefore already a matter of public record. Applicants request that the Commission take official notice of these existing descriptions of Zayo’s qualifications and incorporate them by reference herein. In

support of its financial qualifications, Zayo's consolidated financial statements from its most recent SEC Form 10-K are available at <http://www.zayo.com/sites/default/files/Annual%20Report%20FY%202012.PDF>.

Additionally, Zayo's Financial Results for the Third Fiscal Quarter Ended March 31, 2013 are available at http://www.zayo.com/sites/default/files/ZayoGroup_8-_Q3_2013_Earnings_Release.pdf.

II. DESIGNATED CONTACTS

Questions, correspondence or other communications concerning this Notice should be directed to the Applicants' counsel of record:

For the Applicants:

John J. Pringle, Jr.
Ellis, Lawhorne & Sims, P.A.
Post Office Box 2285
Columbia, South Carolina 29202
803-343-1270 (tel)
803-779-4749 (fax)
jpringle@ellislawhorne.com

with copies to:

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Brett P. Ferenchak
Bingham McCutchen LLP
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Washington, DC 20006-1806
202-373-6000 (tel)
202-373-6001 (fax)
jean.kiddoo@bingham.com
brett.ferenchak@bingham.com

and:

Scott E. Beer, General Counsel
Jill Sandford, Assoc. General Counsel
Zayo Group, LLC
400 Centennial Parkway, Suite 200
Louisville, CO 80027
914-421-7585 (tel)
914-421-6793 (fax)
scott.beer@zayo.com
jill.sandford@zayo.com

III. DESCRIPTION OF THE *PRO FORMA* INTRA-COMPANY TRANSACTION

In order to simplify its corporate structure, Zayo is undertaking the roll-up of USCarrier into Zayo through a series of *pro forma* mergers, with Zayo as the surviving entity (i.e. its merging subsidiaries will cease to exist as separate corporate entities). Diagrams illustrating the

organizational structure of the Applicants before and after the *Pro Forma* Transaction are provided in Exhibit A.

The proposed *Pro Forma* Transaction will not result in any changes to the services received by customers, including rates, terms and conditions of service. In fact, the *Pro Forma* Transaction will be virtually seamless to the Company's customers. Additionally, each of the affected customers of USCarrier received notice of the *Pro Forma* Transaction that affects their service. A sample of the notice that was sent to customers is provided as Exhibit B.

As noted above, upon completion of the proposed *Pro Forma* Transaction, USCarrier will no longer individually provide any telecommunications services in South Carolina since USCarrier will be merged into Zayo and Zayo will be the service provider of record. Applicants therefore request that the Commission give any approval required pursuant to S.C. Code Ann. § 58-9-300, and cancel the Certificates of USCarrier effective upon receipt of notice from Applicants that the *Pro Forma* Transaction is complete.

In support of this Application, the Applicants have attached Verified Pre-Filed Testimony as Exhibit C.

IV. PUBLIC INTEREST CONSIDERATIONS

The Applicants submit that the *Pro Forma* Transaction described herein is in the public interest. The *Pro Forma* Transaction will further simplify the Company's existing corporate structure and thereby reduce its reporting and accounting burdens and provide other operational efficiencies. As a result of the efficiencies and focus, the Company will become a stronger competitor to the ultimate benefit of consumers.

Furthermore, the *Pro Forma* Transaction will be virtually transparent to customers and will not result in any change in their services. Since all affected customers are already familiar

with and are receiving invoices including the “Zayo” brand, the *Pro Forma* Transaction will not result in customer confusion. Moreover, the rates, terms and conditions of their services will not change as a result of these purely intra-company transactions.

Finally, Zayo and USCarrier have the same corporate officers. Therefore, there will be no change in the managerial qualifications of the telecommunications provider serving the customers affected by the *Pro Forma* Transaction, nor will there be a change in the management policies of the Company as a result of the *Pro Forma* Transaction.

V. CONCLUSION

For the reasons stated above, Applicants respectfully requests that the Commission expeditiously grant this Application for approval of the *Pro Forma* Transaction, grant the Application on a *nunc pro tunc* basis if necessary, provide any approvals necessary pursuant to S.C. Code Ann. § 59-9-300, and grant such other and further relief as is just and proper.

Respectfully submitted,

s/John J. Pringle, Jr.
John J. Pringle, Jr.
Ellis Lawhorne
1501 Main Street, 5th Floor
Columbia, South Carolina 29201
Tel: (803) 254-4190
Fax: (803) 779-4749
jpringle@ellislawhorne.com

Counsel for Applicants

Dated: May 22, 2013

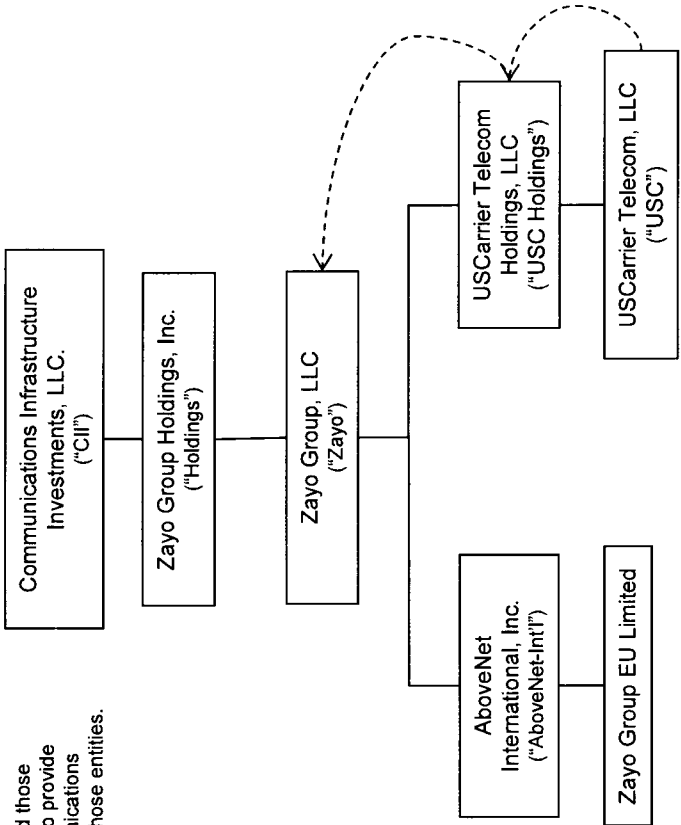
LIST OF EXHIBITS

Exhibit A	Diagrams of the Pre- and Post- <i>Pro Forma</i> Intra-Company Transaction Corporate Organization Structure of the Applicants
Exhibit B	Sample Customer Notice
Exhibit C	Verified Pre-Filed Testimony

EXHIBIT A

Diagrams of the Pre- and Post-*Pro Forma* Transaction
Corporate Organization Structure of the Applicants

Corporate Organizational Structure of the Company
Before the *Pro Forma* Transaction

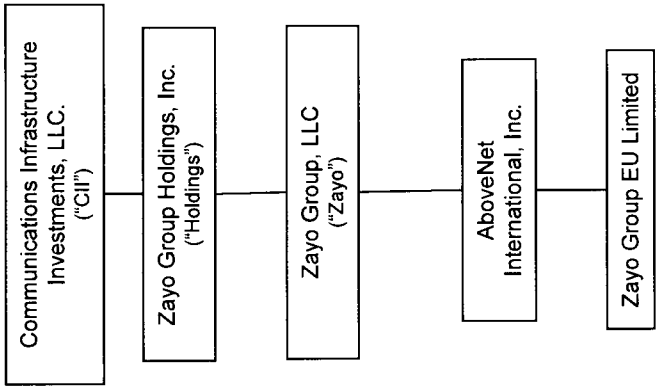


* The entities listed herein only include Zayo and those subsidiaries of Zayo that (1) hold authorization to provide intrastate, interstate or international telecommunications services or (2) are in the chain of ownership of those entities.

Unless otherwise indicated all ownership percentages are 100%.

Corporate Organizational Structure of the Company

After the Pro Forma Transaction



* The entities listed herein only include Zayo and those subsidiaries of Zayo that (1) hold authorization to provide intrastate, interstate or international telecommunications services or (2) are in the chain of ownership of those entities.

Unless otherwise indicated all ownership percentages are 100%.

EXHIBIT B

Sample Customer Notice

The applicable affected customers received notice of the *Pro Forma* Transaction through a bill notation. The notice was provided to customers in their bill issued in February, 2013, at least 30 days prior to the *Pro Forma* Transaction. The text of the bill notation was substantially similar to the following:

On or about May 1, 2013, Zayo Group, LLC will undertake an internal corporate consolidation. Thus, the Zayo corporate entity that will provide your telecommunications services will be Zayo Group, LLC. Your services and the associated pricing and terms and conditions of service will not change as a result of this internal consolidation. There is no charge associated with this change. You will receive a bill from Zayo and we will continue to resolve any issues you may have with your account or service using the same customer service number: 1-866-236-2824.

We recognize that, subject to the terms of your contract, you always have a choice in providers and believe that this internal consolidation will enhance our ability to serve you. Zayo looks forward to continuing to provide you with the superior service you are accustomed to receiving and to the opportunity to provide you additional services.

EXHIBIT C

Verified Pre-Filed Testimony

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. _____**

Application of)	
)	
Zayo Group, LLC)	
and)	VERIFIED PRE-FILED TESTIMONY OF
USCarrier Telecom, LLC)	JILL SANDFORD
)	
for Approval of Certain <i>Pro Forma</i> Intra-)	
Company Transactions)	

1 **Q. PLEASE STATE YOUR FULL NAME, TITLE, AND BUSINESS ADDRESS, FOR**
2 **THE RECORD.**

3 A. My name is Jill Sandford. I am Associate General Counsel of Zayo Group, LLC
4 ("Zayo"). My business address is 360 Hamilton Avenue, White Plains, New York
5 10601.

6 **Q. WHAT ARE YOUR JOB RESPONSIBILITIES?**

7 A. I provide legal advice and counsel on regulatory matters relevant to the business of Zayo
8 and its subsidiaries, including USCarrier Telecom, LLC ("USCarrier") (together with
9 Zayo, the "Applicants").

10 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND**
11 **BACKGROUND.**

12 A. I have served in my current position with Applicant and its predecessor AboveNet
13 Communications, Inc. since April 2, 2001. I received a B.S. from Cornell University in
14 1989 and a JD from Albany Law School in 1992.

1 **Q. ARE YOU FAMILIAR WITH THE APPLICATION THAT ZAYO AND**
2 **USCARRIER SUBMITTED TO THIS COMMISSION?**

3 A. Yes. I would like to incorporate that Application and Exhibits into this Testimony by
4 reference.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

6 A. The purpose of my testimony is to present evidence in support of Applicants' application
7 for approval of a *pro forma* intra-company transaction by demonstrating that the
8 transaction will be virtually seamless to customers and that approval of the Application is
9 in the public interest.

10 **Q. PLEASE DESCRIBE THE *PRO FORMA* INTRA-COMPANY TRANSACTION.**

11 A. The *pro forma* intra-company transaction involves the roll-up of USCarrier into Zayo
12 through a series of *pro forma* mergers, with Zayo as the surviving entity (i.e. its merging
13 subsidiaries will cease to exist as separate corporate entities) (the "*Pro Forma*
14 Transaction"). Diagrams illustrating the organizational structure of the Applicants before
15 and after the *Pro Forma* Transaction are provided in Exhibit A to the Application. The
16 *Pro Forma* Transaction is part of a series of intra-company transactions undertaken to
17 simplify the corporate structure of Zayo. Applicants recently notified the Commission of
18 certain other *pro forma* intra-company transactions that were completed on March 12,
19 2013. *See Notification of Zayo Group, LLC and USCarrier Telecom, LLC Regarding*
20 *Certain Pro Forma Intra-Company Transactions*, Non-Docket Matter (filed January 24,
21 2013) (the "January Notification"). The *Pro Forma* Transaction that is the subject of this
22 Application is in addition to those described in the *January Notification*.

1 **Q. PLEASE BRIEFLY DESCRIBE THE APPLICANTS.**

2 A. Zayo is a Delaware limited liability company with principal offices at 400 Centennial
3 Parkway, Suite 200, Louisville, Colorado 80027. USCarrier is a Georgia limited liability
4 company and wholly owned indirect subsidiary of Zayo. Zayo, itself and through its
5 subsidiaries (collectively, the “Company”), is a provider of bandwidth infrastructure and
6 network neutral colocation and interconnection services over regional and metropolitan
7 fiber networks. These services enable customers to manage, operate, and scale their
8 telecommunications and data networks. Such customers consist primarily of wireless
9 service providers, national and regional telecommunications carriers and other
10 communications service providers, media and content companies, schools, hospitals,
11 governments, banks and other bandwidth-intensive enterprises.

12 In South Carolina, Zayo is authorized to provide resold and facilities-based
13 intrastate interexchange services (including exchange access) and local exchange services
14 pursuant to Order No. 2013-111 issued in Docket No. 2012-414-C. USCarrier is
15 authorized to provide interexchange service pursuant to Order No. 2001-1053 issued in
16 Docket No. 2001-256-C. Zayo and USCarrier are also authorized by the FCC to provide
17 domestic and/or international telecommunications services.

18 **Q. HOW WILL THE *PRO FORMA* TRANSACTION AFFECT CUSTOMERS?**

19 A. The *Pro Forma* Transaction will not result in any changes to the services received by
20 customers, including rates, terms and conditions of service. In fact, the *Pro Forma*
21 Transaction will be virtually seamless to USCarrier’s customers. Additionally, each of
22 the affected customers of USCarrier received notice of the *Pro Forma* Transaction that
23 affects their service. A sample of the notice that was sent to customers is provided as

1 Exhibit B to the Application. Furthermore, since all affected customers are already
2 familiar with and are receiving invoices including the “Zayo” brand, the *Pro Forma*
3 Transaction will not result in customer confusion.

4 **Q. IS ZAYO QUALIFIED TO PROVIDE SERVICE TO USCARRIER’S**
5 **CUSTOMERS?**

6 A. Yes, in anticipation of the *Pro Forma* Transaction Zayo recently obtained a Certificate to
7 provide telecommunications service in South Carolina in Docket No. 2012-414 (February
8 15, 2013). In granting that Certificate, the Commission found that Zayo had the
9 financial, managerial and technical qualifications to provide telecommunications services
10 in South Carolina. Zayo’s qualifications have not changed in the approximately 3 months
11 since the granting of the Certificate. Applicants request that the Commission take official
12 notice of these existing descriptions of Zayo’s qualifications provided in Docket No.
13 2013-414 and incorporate them by reference herein. In addition, Zayo’s current financial
14 qualifications are available at <http://www.zayo.com/financial-reports>.

15 Finally, Zayo and USCarrier have the same corporate officers. Therefore, there
16 will be no change in the managerial qualifications of the telecommunications provider
17 serving the customers affected by the *Pro Forma* Transaction, nor will there be a change
18 in the management policies of the Company as a result of the *Pro Forma* Transaction.

19 **Q. WHAT ARE THE BENEFITS OF THE TRANSACTION?**

20 A. The *Pro Forma* Transaction will further simplify the Company’s existing corporate
21 structure and thereby reduce its reporting and accounting burdens and provide other
22 operational efficiencies. As a result of the efficiencies and focus, the Company will
23 become a stronger competitor to the ultimate benefit of consumers.

1 **Q. WHEN DO APPLICANTS PLAN TO COMPLETE THE *PRO FORMA* TRANSACTION?**

2 A. Applicants plan to complete the *Pro Forma* Transaction on June 1, 2013. Applicants
3 therefore request expedited treatment of the Applicant and, in the event that the
4 Commission is unable to approval the Application before June 1, 2013, Applicants
5 request that the Commission approve the Application on a *nunc pro tunc* basis such that
6 the approval is effective upon the completion of the *Pro Forma* Transaction.

7 **Q. DOES THIS COMPLETE YOUR TESTIMONY AT THIS TIME?**

8 A. Yes, it does.

VERIFICATION

STATE OF NEW YORK §

§

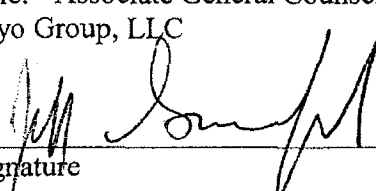
CITY OF WHITE PLAINS §

I, Jill Sandford, first duly sworn, on my oath and in my capacity as Associate General Counsel of Zayo Group, LLC, state that I am authorized to provide Testimony on behalf of Zayo Group, LLC and USCarrier Telecom, LLC, and have knowledge of the matters stated in this Verified Pre-Filed Testimony, and that said matters are true and correct to the best of my knowledge and belief.

Name: Jill Sandford

Title: Associate General Counsel

Zayo Group, LLC

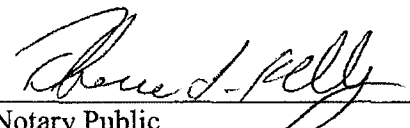

Signature

Subscribed and sworn to (or affirmed) before me, Thomas L. Kelly, Notary Public, on this 22nd day of May, 2013 by Jill Sandford, personally known to me or proved to me on the basis of satisfactory evidence to be the person who appeared before me.

WITNESS my hand and official seal.

THOMAS L. KELLY
Notary Public, State of New York
No. 02KE6032347
Qualified in Westchester County
Commission Expires October 25, 2014
March 27, 2014

My Commission Expires: March 27, 2014


Notary Public

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING

DOCKET NO. 2013-____-C

Docket Summary: Application of Zayo Group, LLC and USCarrier Telecom, LLC for Approval of Certain *Pro Forma* Intra-Company transactions.

Zayo Group, LLC and USCarrier Telecom, LLC request Commission approval, pursuant to S.C. Code §§ 58-9-300 and 58-9-310, of the roll-up of USCarrier into Zayo (and the "discontinuance of service" by USCarrier and the eventual cancellation of USCarrier's certificate) through a series of *pro forma* mergers, with Zayo as the surviving entity (the "*Pro Forma* Transaction"). The *Pro Forma* Transaction is part of a series of intra-company transactions undertaken to simplify the corporate structure of Zayo.

A copy of the Application can be found on the Commission's website at www.psc.sc.gov, under Docket No. 2013-____-C and is available from the Company's representative, John J. Pringle, Jr., Esquire, Ellis, Lawhorne & Sims, P.A., P.O. Box 2285, Columbia, South Carolina, 29202.

A public hearing, if scheduled, will be held in Columbia, South Carolina in the offices of the Commission at the above address, for the purpose of receiving testimony and other evidence from all interested parties regarding this Application. The time and date of this hearing will be furnished to all interested parties at a later date.

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination, should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **June _____, 2013**, and indicate the amount of time required for his presentation. For receipt of future correspondence, please include an email address in the Petition to Intervene. ***Please refer to Docket No. 2013-____-C.***

Any person who wishes to testify and present evidence at the hearing, should notify in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and the Company's representative at the above address, on or before **June _____, 2013**, and indicate the amount of time required for his presentation. ***Please refer to Docket No. 2013-____-C.***

Any person who wishes to be notified of any change in the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Commission, in writing, at the address below on or before **June _____, 2013**. ***Please refer to Docket No. 2013-____-C.***

PLEASE TAKE NOTICE: Any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments in person to the Commission during the hearing.

Persons seeking information about the Commission's Procedures should contact the Commission at (803) 896-5100 or visit its website at www.psc.sc.gov .

05/____/13

Direct correspondence to: Public Service Commission of South Carolina
Attention: Clerk's Office
Post Office Drawer 11649
Columbia, SC 29211